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SPECIAL ANALYSIS

POLAND: Agricultural Problems

*The martial law regime has not yet formulated an agricultural policy that will gain it the support of private farmers and ensure adequate food supplies. The government has alternated threats of compulsory deliveries with offers of increased procurement prices and other incentives. Farmers should begin to make decisions soon about their production for this year, and the regime must move quickly if it hopes to encourage them to increase output.*

One of the regime's main challenges continues to be satisfying the population's food demands. Before the imposition of martial law, meat procurements from private farmers did not cover rationing requirements.

Grain procurements were only one-third of state needs, even though Poland had an above-average grain crop last year. The regime was importing meat and grain to help cover the gap, but still failed at times to meet its rationing commitments.

Threats to Farmers

A drop in procurements following the imposition of martial law prompted threats of making deliveries compulsory. The government wanted to maintain food supplies to blunt popular reaction to martial law.

Initially, however, the threats did not have the intended effect. Some farmers--who may have thought collectivization would follow forced deliveries--reportedly killed livestock and buried food supplies to avoid confiscation.

Moderates in the regime seem to have successfully argued against collectivization. The government probably realized that the rapid elimination of the private

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sector--which provides about 75 percent of agricultural production and 70 percent of total state procurements--would severely disrupt food supplies and provoke prolonged resistance among farmers. [REDACTED]

Nonetheless, the regime has kept pressure on the farmers. For the first time, it is threatening legal action if farmers do not fulfill grain contracts signed with the state. The government also is refusing to sell farmers seeds and fertilizers unless they have made sufficient grain sales to the state. [REDACTED]

The increase in early January in prices of fertilizers and tractors probably deepened farmers' mistrust, even though the regime has promised to compensate by raising prices paid for agricultural goods when consumer prices are raised in February. The new prices are part of an effort to place a more realistic value on agricultural supplies. [REDACTED]

#### Positive Measures

The government also has offered inducements, promising to extend credit to farmers for purchase of supplies and to make any future increases in livestock and grain procurement prices retroactive to November. In addition, it is offering up to a 20-percent premium for the timely fulfillment of grain contracts. Farmers who deliver noncontracted grain will receive in payment "grain bonds" redeemable in 1983-85 at prices in effect at that time, plus interest. [REDACTED]

The regime has attempted to show its support of private farmers by submitting to parliament some measures introduced before martial law. These include bills to liberalize farm inheritance and pensions and to increase the maximum allowable farm size. [REDACTED]

The martial law regime's combination of threats and promises has yielded mixed results. The state has purchased only 63 percent of the grain it will need by mid-February. [REDACTED]

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In December, the government had to rely on Soviet meat deliveries to fill one-fourth of its rationing commitment. Although the regime subsequently claimed that meat procurements have improved enough to cover completely its lower rationing commitments in January, the increases may reflect initial distress slaughtering of chickens because of fodder shortages or the sale of animals long overdue for slaughter.

Threats by the regime also may have helped keep up livestock procurements. Military operations groups circulating recently in the countryside apparently put pressure on farmers to fill their contracts.

#### Outlook

The regime's reassurance will not easily dispel the farmers' apprehensions. Many farmers may take a wait-and-see attitude, and those who are nervous about the future of private agriculture may cut back production to cover only the needs of their families and close friends.

Passive resistance by private farmers would seriously compound the regime's agricultural problems. In any case, the existing shortages of seeds, fertilizers, tractor spare parts, and pesticides will limit crop yields in 1982. The prospect of future downturns will put pressure on the regime to use more forceful methods or to be more sensitive to the farmers' needs and concerns.

Historically, the Polish farmer has responded more to inducements than threats. The old formula of raising procurement prices to increase production may not work today because of the lack of consumer goods to buy.

If the retail price reform does bring stability to the marketplace and an increase in the amount of goods in the countryside, however, the regime may be able to cajole some farmers into selling at least part of the reduced quantities that are produced this year. If not, the regime out of "frustration" could resort to forced deliveries, which could move it toward adopting other coercive measures.

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